

**CHOICE FOUNDATION,
A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY
CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Audit of Financial Statements

June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/12/11

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Independent Auditor's Report

To the Board of Directors
Choice Foundation, a Non-Profit Organization
d/b/a Lafayette Academy Charter School
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School (the School), as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

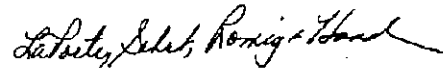
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School, as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2010, on our consideration of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Performance and Statistical Data included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School taken as a whole. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



A Professional Accounting Corporation

November 12, 2010

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Financial Position
June 30, 2010**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 429,444
Certificates of Deposit	340,150
Grants Receivable	637,472
Other Receivables	21,511
Prepaid Expenses	<u>80,213</u>
Total Current Assets	<u>1,508,790</u>
Property and Equipment	
Leasehold Improvements	860,060
Furniture, Fixtures and Equipment	959,996
Less: Accumulated Depreciation	<u>(1,100,331)</u>
Net Property and Equipment	<u>719,725</u>
Total Assets	<u><u>\$ 2,228,515</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 230,015
Accrued Expenses	<u>439,735</u>
Total Liabilities	<u>669,750</u>
Net Assets	
Unrestricted	1,522,517
Temporarily Restricted	<u>36,248</u>
Total Net Assets	<u>1,558,765</u>
Total Liabilities and Net Assets	<u><u>\$ 2,228,515</u></u>

The accompanying notes are an integral part of these financial statements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2010**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
State Public School Funding	\$ 5,512,502	\$ -	\$ 5,512,502
Federal Grants	2,153,475	-	2,153,475
Federal School Lunch Program	343,843	-	343,843
Other State Funding	128,934	-	128,934
Other Income	84,569	-	84,569
Private Grants and Donations	49,443	30,628	80,071
Interest Income	5,841	-	5,841
Total Support and Revenue	8,278,607	30,628	8,309,235
Expenses			
Program Services			
Regular Education Programs	3,460,716	-	3,460,716
Operation and Maintenance of Plant	1,372,539	-	1,372,539
Special Programs	901,779	-	901,779
Special Education Programs	830,566	-	830,566
School Administration	792,262	-	792,262
Instructional Staff Services	480,213	-	480,213
Food Service Operations	374,102	-	374,102
Pupil Support Services	234,527	-	234,527
Student Activities	42,598	-	42,598
Other Instructional Programs	34,346	-	34,346
Management and General			
Business Services	474,643	-	474,643
General Administration	249,570	-	249,570
Central Services	4,198	-	4,198
Total Expenses	9,252,059	-	9,252,059
Change in Net Assets	(973,452)	30,628	(942,824)
Net Assets, Beginning of Year	2,496,072	97,620	2,593,692
Prior Period Adjustment	(103)	(92,000)	(92,103)
Net Assets, Beginning of Year as Restated	2,495,969	5,620	2,501,589
Net Assets, End of Year	\$ 1,522,517	\$ 36,248	\$ 1,558,765

The accompanying notes are an integral part of these financial statements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2010**

Cash Flows from Operating Activities	
Change in Net Assets	\$ (942,824)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	658,863
(Increase) Decrease in:	
Grants Receivable	587,631
Other Receivables	24,279
Prepaid Expenses	(53,138)
Increase (Decrease) in:	
Accounts Payable	37,631
Accrued Expenses	42,578
Deferred Revenue	(10,000)
Net Cash Provided by Operating Activities	345,020
Cash Flows from Investing Activities	
Net Purchase of Certificates of Deposit	(83,724)
Purchase of Property and Equipment	(362,507)
Net Cash Used in Investing Activities	(446,231)
Net Decrease in Cash and Cash Equivalents	(101,211)
Cash and Cash Equivalents, Beginning of Year	530,655
Cash and Cash Equivalents, End of Year	\$ 429,444

The accompanying notes are an integral part of these financial statements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School (the School), incorporated on November 29, 2004, is an educational institution organized to inform and educate citizens of Louisiana on how school choice initiatives can improve primary education in Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the School effective September 26, 2006, for an initial term of three years which terminated on June 30, 2009. BESE granted the Charter Operator a two-year extension of the Charter School Contract to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in the LA R.S. 17:3992 and 3998. Upon completion of the School's fifth year of operation, the charter contract may be renewed at the discretion of BESE pursuant to the Evaluation Framework and applicable provision of Title 17, Chapter 42 of the Louisiana Revised Statutes.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Presentation

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose of restrictions. Restricted contributions are classified as unrestricted if the restriction was met in the same year the contribution was made.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. All significant receivables, payables and other liabilities are reflected.

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NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes.

The School classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Receivables

The receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts, as management believes all remaining receivables are fully collectible.

The School received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at year end are stated at unpaid balances for expenditures incurred during the year.

Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant-related costs by the School, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

The School's primary source of funding is through the State Public School Fund. The School receives \$7,000 per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
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NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

In-Kind Donations

The School records in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was estimated at \$1,200 for the year ended June 30, 2010, which included donations for professional services.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation is calculated using the straight-line method over the remaining term of the Charter School Contract not to exceed the estimated useful lives of the assets. Assets purchased with public funds will revert to the Louisiana Department of Education at the time this agreement is terminated. See Note 7.

Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization.

Advertising Costs

Advertising costs are charged to expense when the advertising first takes place. Advertising expense totaled \$17,272 for the year ended June 30, 2010.

Compensated Absences

All teachers and staff are provided 10 days of paid annual sick leave. If an employee continues employment, any unused days remaining at June 30th of each year are reported to Teacher Retirement Services of Louisiana to be accumulated into the employees total days worked for retirement purposes. If the employee terminates at June 30th, the remaining days are forfeited. Accordingly, the School does not recognize a liability for accumulated compensated absences.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
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NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 2. Concentrations

The School received 69% of its revenues for the year ended June 30, 2010, from the State of Louisiana, subject to its charter agreement with the State.

The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 3. Restrictions on Assets

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Temporarily restricted net assets at June 30, 2010, available for instructional and other purposes totaled \$36,248.

Note 4. Grants Receivable

As of June 30, 2010, grants receivable totaled \$637,472, which was a receivable for federal and state grants passed through the Louisiana Department of Education. The stated balance is considered to be fully collectible.

Note 5. Retirement Plan

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

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Notes to Financial Statements

Note 5. Retirement Plan (Continued)

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The current rate is 15.5% of annual eligible covered payroll. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the years ended June 30, 2010, 2009 and 2008 was \$733,103, \$668,455 and \$563,445 respectively, which is equal to the required contribution.

Note 6. Property and Equipment

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which it was purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency. Depreciation expense totaled \$658,863 for the year ended June 30, 2010.

Note 7. Leases

Effective September 26, 2006, the School entered into an agreement with the State of Louisiana, Department of Education, Recovery School District, which allows the School to use the facilities and its contents located at 2727 South Carrollton Avenue, New Orleans, Louisiana, 70118. The agreement expired on June 30, 2009. The agreement has been extended for two additional years by the State of Louisiana, Department of Education, Recovery School District.

Alterations made by the School shall not diminish the value of the property at the time the alterations are approved, unless agreed upon by the State of Louisiana, Department of Education, Recovery School District and the School. Any physical additions or improvements to the property will become property of the State of Louisiana, Department of Education, Recovery School District. The State of Louisiana, Department of Education, Recovery School District may require, at the expense of the School, to remove these physical additions or improvements. Non-capital assets acquired by the School with non-public funds will remain the property of the School. Assets purchased with public funds obtained from public sources will automatically revert to the Board of Elementary and Secondary Education at the time this agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
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NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 7. Leases (Continued)

Use of the property is not recorded as an in-kind contribution from or related rent expense to the State of Louisiana, Department of Education, Recovery School District. The value of the use of land and the building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 8. Line of Credit

The School has a \$200,000 line of credit with Capital One Bank. The line carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (4.25% at June 30, 2010), plus 1% adjusted daily. The note is unsecured. The line of credit was unused at June 30, 2010.

Note 9. Minimum Foundation Program (MFP)

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2010, the School recognized revenue of \$2,618,282.

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which passes through to the School as Local MFP, which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. Revenues received by OPSB from sales tax revenues, as valorem taxes, and other sources are allocated to each school based on its enrollment. For the year ended June 30, 2010, the School recognized revenue of \$2,894,220.

Note 10. Commitments

The School has employment contracts, as are standard in the field of education, with most of its employees. The contracts for the current year expired June 30, 2010. All contracts provide for a minimum annual salary and benefits.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 11. Risk Management

The School is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the initial period ended June 30, 2010.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 12, 2010, and determined that the following event occurred and required disclosure. On July 1, 2010, the State Board of Elementary and Secondary Education approved the Type 5 charter application to operate a second campus (formerly, Esperanza Charter School).

No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 13. Uncertain Income Taxes

On July 1, 2009, the School adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC. As a result of this adoption, the School believes there was no impact on the statement of financial position or statement of activities and did not record any adjustment to the beginning balance of net assets.

The School's 2007 and 2008 tax returns were filed appropriately. As of November 12, 2010, the School had not filed their 2009 tax return. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2006 through 2009. Management has evaluated the School's tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 14. Prior Period Adjustment

In the year ended June 30, 2009, the School received donations in error. The donations should have been deposited in the Choice Foundation Endowment Fund which is a new entity created by School supporters. A prior period adjustment has been recorded in the amount of \$92,103 to correct this error.



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Choice Foundation, a Non-Profit Organization
d/b/a Lafayette Academy Charter School
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings that relate to the accompanying schedules of supplemental information are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following accounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Findings:

None

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule, and to the School's supporting payroll records, as of October 1st.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals and full time teachers by classification as of October 1st, and as reported on the schedule. We traced each of the teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Findings:

None

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings:

None

Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals and full time teachers by classification as of October 1st, and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings:

None

Public School Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation and ROTC or rehired retiree status, as well as full time equivalent as reported on the schedule, and traced each to the individual's personnel file and determined if the individual's salary, extra compensation and full time equivalents were properly included on the schedule.

Findings:

None

8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings:

None

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings:

None

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the School, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

November 12, 2010

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2010**

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers

This schedule includes the number of years of experience in teaching for principals, assistant principals and full time teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - Graduation Exit Exam

Not Applicable.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data) (Continued)
As of and For the Year Ended June 30, 2010**

Schedule 9 - iLEAP Test Results

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2010**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 2,519,024
Other Instructional Staff Activities	22,848
Instructional Staff Employee Benefits	734,049
Purchased Professional and Technical Services	309,577
Instructional Materials and Supplies	79
Instructional Equipment	75,862

Total Teacher and Student Interaction Activities **\$ 3,661,439**

Other Instructional Activities 5,226

Pupil Support Services	177,680
Less: Equipment for Pupil Support Services	-

Net Pupil Support Services **177,680**

Instructional Staff Services	539,191
Less: Equipment for Instructional Staff Services	-

Net Instructional Staff Services **539,191**

School Administration	651,541
Less: Equipment for School Administration	2,548

Net School Administration **648,993**

Total General Fund Instructional Expenditures **\$ 5,032,529**

Total General Fund Equipment Expenditures **\$ 78,410**

Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-

Total Local Taxation Revenue **\$ -**

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-

Total Local Earnings on Investment in Real Property **\$ -**

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-

Total State Revenue in Lieu of Taxes **\$ -**

Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Education Levels of Public School Staff
As of October 1, 2009**

Schedule 2

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	33	63%	12	80%		0%		
Master's Degree	18	35%	3	20%	2	100%	1	100%
Master's Degree +30								
Specialist in Education								
Ph. D. or Ed. D.	1	2%						
Total	52	100%	15	100%	2	100%	1	100%

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2010**

Schedule 3

Type	Number
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
Total	1

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Experience of Public Principals, Assistant Principals
and Full Time Classroom Teachers
As of October 1, 2009**

Schedule 4

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Assistant Principals				1		1		2
Principals							1	1
Classroom Teachers	7	11	23	6	6	6	8	67
Total	7	11	23	7	6	7	9	70

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Public School Staff Data
For the Year Ended June 30, 2010

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$49,295	\$48,980
Average Classroom Teachers' Salary Excluding Extra Compensation	\$46,972	\$46,420
Number of Teacher Full Time Equivalents (FTEs) used in Computation of Average Salaries	65.0	59.0

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2009

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary	31	13.7%	188	82.8%	8	3.5%		
Elementary Activity Classes	4	14.3%	23	82.1%	1	3.6%		

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2010**

Schedule 7

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 4												
Advanced	7	8%	0	0%	0	0%	11	12%	5	6%	0	0%
Mastery	23	25%	14	16%	8	9%	31	34%	17	19%	3	3%
Basic	43	47%	54	61%	42	48%	34	38%	50	57%	44	49%
Approaching Basic	11	12%	16	18%	20	22%	13	14%	10	11%	21	24%
Unsatisfactory	7	8%	4	5%	19	21%	2	2%	6	7%	21	24%
Total	91	100%	88	100%	89	100%	91	100%	88	100%	89	100%

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 4												
Advanced	0	0%	0	0%	0	0%	1	1%	0	0%	0	0%
Mastery	10	11%	1	1%	0	0%	9	10%	3	4%	0	0%
Basic	44	50%	36	42%	25	28%	47	53%	47	54%	30	34%
Approaching Basic	27	30%	42	48%	36	40%	23	26%	28	32%	29	32%
Unsatisfactory	8	9%	8	9%	28	32%	9	10%	9	10%	30	34%
Total	89	100%	87	100%	89	100%	89	100%	87	100%	89	100%

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Graduation Exit Exam
For the Year Ended June 30, 2010**

Schedule 8

The School does not have grades 10 or 11; therefore, this schedule does not apply.

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2010**

Schedule 9

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	2	2%	1	1%	1	1%	0	0%
Mastery	9	9%	5	5%	7	7%	3	3%
Basic	56	59%	44	46%	37	39%	45	47%
Approaching Basic	20	21%	32	33%	43	45%	33	34%
Unsatisfactory	9	9%	14	15%	8	8%	15	16%
Total	96	100%	96	100%	96	100%	96	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	1%	0	0%	0	0%	0	0%
Mastery	7	8%	10	11%	1	1%	0	0%
Basic	41	44%	41	44%	34	37%	39	43%
Approaching Basic	30	33%	21	23%	39	42%	28	30%
Unsatisfactory	13	14%	20	22%	18	20%	25	27%
Total	92	100%	92	100%	92	100%	92	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	1	1%	2	3%	1	1%
Basic	30	44%	37	54%	24	35%	21	30%
Approaching Basic	27	39%	18	26%	30	43%	31	46%
Unsatisfactory	11	16%	13	19%	13	19%	16	23%
Total	69	100%	69	100%	69	100%	69	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	1	2%	1	2%	0	0%	0	0%
Mastery	2	3%	3	5%	5	8%	3	5%
Basic	30	49%	26	41%	27	44%	36	58%
Approaching Basic	22	35%	11	18%	20	32%	12	19%
Unsatisfactory	7	11%	21	34%	10	16%	11	18%
Total	62	100%	62	100%	62	100%	62	100%

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2010**

Schedule 9 (Continued)

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	15	16%	4	4%	10	11%	12	14%
Basic	36	38%	40	43%	34	36%	38	41%
Approaching Basic	29	31%	25	27%	42	45%	27	29%
Unsatisfactory	14	15%	23	25%	7	8%	15	16%
Total	94	100%	93	100%	93	100%	92	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	2	2%	1	1%	0	0%
Basic	30	34%	29	33%	18	21%	31	36%
Approaching Basic	22	25%	20	23%	35	41%	29	34%
Unsatisfactory	34	40%	36	42%	32	37%	26	30%
Total	87	100%	87	100%	86	100%	86	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	1	2%	1	2%	0	0%	0	0%
Mastery	2	4%	4	7%	3	5%	1	2%
Basic	23	40%	25	44%	17	30%	15	26%
Approaching Basic	16	28%	12	21%	24	42%	27	47%
Unsatisfactory	15	26%	15	26%	13	23%	14	25%
Total	57	100%	57	100%	57	100%	57	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	4	6%	0	0%	1	1%	5	7%
Basic	20	29%	19	28%	21	30%	28	41%
Approaching Basic	33	48%	23	33%	28	41%	24	35%
Unsatisfactory	12	17%	26	38%	19	28%	12	17%
Total	69	100%	69	100%	69	100%	69	100%

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2010**

Schedule 9 (Continued)

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	0	0%	0	0%	0	0%
Basic	24	25%	23	24%	17	18%	19	20%
Approaching Basic	28	29%	24	25%	39	41%	32	34%
Unsatisfactory	42	45%	48	51%	39	41%	44	46%
Total	95	100%	95	100%	95	100%	95	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	4%	1	1%	2	4%	0	0%
Basic	9	17%	8	16%	8	15%	13	25%
Approaching Basic	26	50%	28	56%	22	42%	24	46%
Unsatisfactory	15	29%	14	27%	20	39%	15	29%
Total	52	100%	51	100%	52	100%	52	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	0	0%	0	0%	0	0%
Basic	8	14%	7	12%	8	14%	6	10%
Approaching Basic	17	29%	12	20%	23	39%	19	33%
Unsatisfactory	33	56%	40	68%	28	47%	33	57%
Total	59	100%	59	100%	59	100%	58	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	3%	0	0%	0	0%	0	0%
Basic	14	23%	10	16%	6	10%	10	16%
Approaching Basic	18	29%	17	28%	17	27%	23	37%
Unsatisfactory	28	45%	35	56%	39	63%	29	47%
Total	62	100%	62	100%	62	100%	62	100%

See independent accountant's report on applying agreed-upon procedures.

SUPPLEMENTAL INFORMATION

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2010**

<u>Board Members</u>	<u>Compensation</u>
Kevin Kane 1911 Octavia Street New Orleans, LA 70115 504-595-5183	\$ -0-
Janet Bean 6025 Garfield Street New Orleans, LA 70118 504-259-0292	\$ -0-
Don Beery 1340 Poydras Street, Suite 1900 New Orleans, LA 70112 504-586-3184	\$ -0-
Storey Charbonnet 639 Loyola Avenue, Suite 2775 New Orleans, LA 70113 504-430-7991	\$ -0-
Susie Derussey 2415 Prytania Street New Orleans, LA 70130 504-670-2506	\$ -0-
Robert Evans PO Box 53313 New Orleans, LA 70153 504-523-4788	\$ -0-
William Goliwas 4416 Perrier Street New Orleans, LA 70115 504-899-7696	\$ -0-

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors (Continued)
For the Year Ended June 30, 2010**

<u>Board Members</u>	<u>Compensation</u>
Brian Gibbs 5736 Citrus Boulevard New Orleans, LA 70123 504-733-6310, ext. 103	\$ -0-
Fritz Gomila 5717 Salmen Street, Suite A Harahan, LA 70123 504-486-9724	\$ -0-
James Huger 900 St. Charles Avenue New Orleans, LA 70130 504-523-4521, ext. 1611	\$ -0-
Wendy Lodrig 900 St. Charles Avenue New Orleans, LA 70130 504-565-5546	\$ -0-
Steve Serio 201 St. Charles Avenue, 46th Floor New Orleans, LA 70170-4600 504-586-5267	\$ -0-
Jim Swanson 201 St. Charles Avenue, 46th Floor New Orleans, LA 70170-4600 504-586-5240	\$ -0-
St. Denis Villere III 601 Poydras Street, Suite 1808 New Orleans, LA 70130 504-599-4544	\$ -0-



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Choice Foundation, a Non-Profit Organization
d/b/a Lafayette Academy Charter School
New Orleans, Louisiana

We have audited the financial statements of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School (the School) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

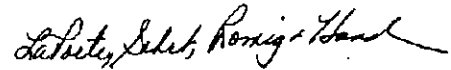
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the board of directors, others within the School, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

November 12, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Choice Foundation, a Non-Profit Organization
d/b/a Lafayette Academy Charter School
New Orleans, Louisiana

Compliance

We have audited the compliance of Choice Foundation, a Non-Profit Organization d/b/a Lafayette Academy Charter School (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2010. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

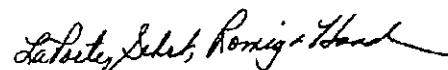
Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

November 12, 2010

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures
United States Department of Agriculture Passed through the Louisiana Department of Education National School Lunch Program *	10.555	\$ 343,843
United States Department of Education Passed through the Louisiana Department of Education Title I Grants to Local Educational Agencies *	84.010	1,380,298
Title I Grants to Local Educational Agencies - ARRA *	84.389	10,412
Special Education Grants to States (IDEA Part B)	84.027	204,450
Special Education Grants to States (IDEA Part B) - ARRA *	84.391	184,743
Special Education - Preschool Grants (IDEA Preschool)	84.173	4,431
Special Education - Preschool Grants (IDEA Preschool) - ARRA *	84.392	5,586
Improving Teacher Quality State Grants - Title II Grants	84.367	111,229
State Fiscal Stabilization Fund (SFSF) Education State Grants - ARRA	84.938	80,021
Temporary Assistance for Needy Families	93.558B	160,657
Title IV Safe and Drug-Free Schools and Communities	84.186	11,648
		<u>2,153,475</u>
Total		<u>\$ 2,497,318</u>

* Denotes Major Program

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - The schedule is prepared on the accrual basis of accounting.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

A. Summary of Audit Results

Financial Statements

- | | |
|---|-------------|
| 1) Type of auditor's report | Unqualified |
| 2) Compliance and internal control over financial reporting | |
| a) Material weaknesses identified | None |
| b) Significant deficiency identified not considered to be material weaknesses | None |
| c) Noncompliance noted | None |
| 3) Management letter comment provided | None |

Federal Awards

- | | |
|--|-------------|
| 4) Internal control over major programs | |
| a) Material weaknesses identified | None |
| b) Significant deficiency identified not considered to be material weaknesses | No |
| 5) Type of auditor's report issued on compliance for major program | Unqualified |
| 6) Audit findings disclosed that are required in accordance with OMB A-133, Section 510a | No |
| 7) Identification of major programs | |
| 84.010A - Title I Grants to Local Educational Agencies | |
| 84.389 - Title I Grants to Local Educational Agencies - ARRA | |
| 84.391 - Special Education Grants to States - ARRA | |
| 84.392 - Special Education - Preschool Grants - ARRA | |
| 10.555 - National School Lunch Program | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$300,000 |
| 9) Auditee qualified as a low-risk auditee under OMB A-133, Section 530 | No |

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010**

B. Findings - Financial Statement Audit

None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2010**

2009 - 1 Allowable Costs, Employee Certifications

Status: This condition has been resolved.